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Publications

FINANCES OF THE DOMINION OF CANADA

BUDGET SPEECH

DELIVERED BY

SIR S. L. JILLEY,

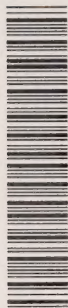
MINISTER OF FINANCE,

HOUSE OF COMMONS

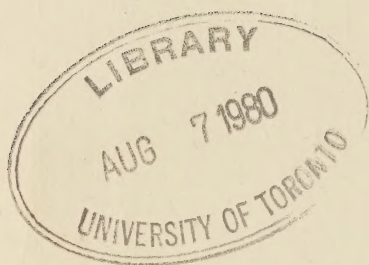
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FINANCES OF THE DOMINION OF CANADA.

BUDGET SPEECH

DELIVERED BY

SIR LEONARD TILLEY

MINISTER OF FINANCE

IN

THE HOUSE OF COMMONS OF CANADA,

FRIDAY, 29TH FEBRUARY, 1884.

SIR LEONARD TILLEY. Mr. Speaker, in moving that you, Sir, do now leave the Chair, I desire to take advantage of the motion to make my statement to the House in regard to the financial condition of the country, and the policy of the Government with regard to the Tariff at the present Session. It will be remembered, Sir, that in the Session of 1882, as well as in the Session of 1883, I felt myself warranted in stating that at no period in the history of Canada did the credit, the financial standing and the general business of the Dominion stand in so good a position as it did at those two periods. I am in a position, I think, to state to-day that at no previous period in the history of this country did the credit of Canada and the financial condition of Canada stand better than it does now. With respect to the general trade of the country, I regret to say that owing to the depreciation in the value of lumber, which is one of our principal exports, owing to over-trading in certain branches in the Dominion, as well as over-imports, we have a depression at the present time, which I trust will not be of long duration but will be speedily overcome, and we may soon be in the position we occupied a year ago, prospering in every particular. I trust, Sir, that the statement I am about to submit to the House will add to the evidence which has been given from year to year since 1879, that the policy adopted by the Government in that year has been successful and in the

interests of Canada. Sir, I desire in the first place to call attention to the receipts and expenditures for last year, and I will be brief in doing so because the details of the expenditure for the last fiscal year, as contained in the Public Accounts for that year, are in the hands of hon. members ; but there are some points to which I desire to call the special attention of the House. I may state, what every hon. member knows, that the receipts for that year were \$35,794,649, that the expenditure was \$28,730,157, leaving a surplus of \$7,064,492. Adding to that the \$1,009,000 received from the sale of lands in Manitoba and the North-West, gives us a surplus for that year of over \$8,000,000. Sir, it has been said, and it will be said no doubt during this discussion, that the expenditure for the fiscal year 1882-83 being \$1,663,054 in excess of the previous year, it is an evidence of extravagance on the part of the Administration. In order to meet that charge I desire to state the items composing that additional expenditure, and then I will leave the House to decide whether the Government, because they are responsible primarily as submitting the Estimates to Parliament, are open to the charge of extravagant expenditure during that year. The \$1,663,054 of increase may be stated as follows, these being the principal items. Sinking fund, \$53,412. That is simply, as every hon. member knows, a redemption of the debt to that extent over and above the previous year. Subsidies to Provinces, \$75,673. That we know is a payment made under statute, which requires that every tenth year the subsidies to the smaller Provinces be increased until they reach 80 cents per head of the population, on 400,000 each, and the additional concession made to Manitoba as well. Legislation (election expenses) \$158,568. That amount was required for expenses connected with the General Elections. No objection can therefore be made to that item. Postal service, \$195,522. When I state to the House that the increased receipts were \$213,000 it will be evident that there has been no increased taxation with respect to that item. Railways and canals working expenses, \$371,364. When I state to the House that the increased income during that year from these public works was \$390,000, against an increase of expenditure of \$371,364, the House will understand that no additional taxation was imposed under that head. Immigration and quarantine, \$184,763. When we take into account the increased immigration to this country during that year, I think every hon. member will say that the money was well expended, and that it will yield an adequate return. Mounted Police, \$109,369. That ex-

penditure was under the authority of Parliament, made upon the statement of the Minister of the Interior at the time, that for public reasons the force should be increased. It has been increased and that additional expenditure was incurred during that year. The increased expenditure on public works and harbours was \$136,359. This expenditure, I am sure, will be generally approved of. It was an expenditure demanded by Parliament on account of our large surplus, which gave us the opportunity of giving increased accommodation, and increased facilities to our commerce by the improvement of our harbours and the construction of public buildings throughout the Dominion of Canada. That expenditure of \$136,358 was not only voted by Parliament and cheerfully granted, but it will, I am sure, be acquiesced in by both sides of the House. The increase in the administration of justice was \$33,893. This increase became necessary owing to local legislation requiring the appointment of increased judges in different parts of the Dominion. Then we have an increase of \$150,000 for the bounty to the fishermen, which had the almost unanimous concurrence of this House, and met with the general approval of the country. These items make about \$1,600,000, and it will be found that only a small portion—that portion which was expended on public works, and that portion paid as a bounty to the fishermen—were direct charges on the country; that is to say, they were increases which would necessarily increase the taxation of the people. Therefore while the expenditure has been increased about \$1,600,000, the taxation has not covered one half that amount, and the expenditure for the other portion was on public works and other public services yielding more than compensating revenue in return. Now, Sir, there were other expenditures during the year chargeable to capital account amounting to \$14,171,413. How were these expenditures met? In the first place, there was a surplus from consolidated revenue, amounting to \$7,064,492; proceeds from the lands of the North-West, \$1,009,019; deposits in the savings banks of the country, \$1,445,445; and under the arrangement made with the Canadian Pacific Railway Company, we received the proceeds of the sales of their bonds, which were in our hands, these proceeds amounting, at the close of the year, to \$2,634,000, upon which 4 per cent. interest was paid. This covered all the expenditures of that year, without our being under the necessity, as I stated last Session, of going abroad for a dollar in order to meet this expenditure. I may say further, in answer to the

charge of the imposition of increased taxation by this Government upon the people of Canada, that deducting the surplus from the receipts of Customs and Excise since 1879, and charging simply the amounts which were necessary for the payment of the expenditures of the Government, our expenditure per head of the population since 1879, has been less than the average of expenditures from 1874 to 1879. I recollect that the leader of the Opposition in the speech he made in answer to the Speech from the Throne, remarked that I was great on averages. Well, Sir, I believe that that is a correct principle to apply, and especially to the conduct of a Government. No Government would be justified in taking one particular year of their expenditure and presenting that to the country as an evidence of their economy; neither would it be fair for an Opposition to take a particular year, in which perhaps the expenditure was large, owing to circumstances over which the Government had no control, or if they had control, circumstances under which they felt it desirable to make increased expenditure in the interests of the country—I say it would not be fair that such a year should be specially selected. Therefore, in all discussions on this subject, I desire to take the averages as well as the expenditures in particular years, as evidence of our economy or of our extravagance. Now, Sir, we find that last year, deducting the surplus, the taxation per head of our population from Customs and Excise, and these are the only heads of taxation, was \$4.82½ as against an average of \$4.88 per head from 1874 to 1879. We also find that taking the average from 1879 to 1883 it amounted to \$4.81 per head, against an expenditure from 1874 to 1879 of \$4.88 per head. Under these circumstances it will be found that while it is true that the receipts have been large, while it is true that during last year our surplus has been large, the amount which was necessary to pay the expenditures of the country and afford all the appropriations necessary for public works, and every other expenditure, the taxation on the people of the country was less than the average from 1874 to 1879. Now, Sir, it may be interesting to the House to know under what heads the increase of income took place. The increase in Customs was \$1,428,012; Excise, \$375,257; Post Office and Money Orders, \$212,503; Public Works, including Railways, \$390,004; increased interest received \$87,184. The increase in the Customs may be stated under the following heads: Railway carriages, lumber, manufacture of, and coal, \$520,000. I may say, that a large portion of the duty paid on railway carriages and locomotives was upon railway car.

riages and locomotives imported by the Canadian Pacific Railway Company, who required them earlier than they could be made in this country. Our manufacturers of locomotives were so fully occupied at that time that even the Government had to send abroad in order to get the supply necessary for the increased traffic on the railway, and locomotives had to be imported to meet pressing demands. On brandy, gin, rum, whiskey and wines, the increase was \$236,000; on fruits and sugar, \$242,500; on laces, hosiery, jewellery, \$71,000; wheat flour, \$46,000; machinery, \$150,000; pig iron, \$28,000; glassware, \$54,000. The increase of Excise revenue was mainly on the article of spirits; and the decrease on tobacco was about covered by the increase of revenue received on malt. That was before the decrease of 8 cents per pound of Excise took place in the article of tobacco. These are the items with reference to the operations of the last year. I desire now to call the attention of the House to the estimated income and expenditure for the present year. This is an amended estimate made from our experience down to the present date. The estimate of Customs for the current year was \$21,500,000. The amended estimate is \$20,250,000. Now, Sir, it may be asked by the House, what has occurred to produce this reduction? I may state in answer to that question that the imports of last year were \$5,000,000 in excess of the estimate and the revenue from Customs \$1,000,000 in excess of the estimate. I am satisfied, and it is now well understood, that the imports of the last year were greater than was warranted by the demands and by the consumption. We are now feeling the effect of that over-importation, because there is a corresponding reduction in the revenue received from Customs as the result. Then, there is another cause. Since this time twelve months, a large portion of the imports into Canada have decreased in value. As those hon. members who are engaged in business know perfectly well, many of the articles imported have fallen in value, owing to the increased stock in hand in the United States and in the old country. I know of one article, which was formerly sold for \$9, but which is now sold for \$6.75; and so with many other articles. Therefore, the over-importation of \$5,000,000 last year, and the fall in the value of imports this year, have resulted in a reduction in the total imports down to the present time; and, estimating that the next four months will yield one-half of the revenue that has been received from Customs in the past eight months, I place the estimated income for the current year at the following figures:—

Customs	\$20,250,000
Excise	5,550,000
Post Office	1,800,000
Public Works, including railways...	3,000,000
Interest on investments	800,000
Other sources	800,000

Total income \$32,200,000

The amended estimated expenditure is \$31,200,000. The estimate made this time twelve months placed the expenditure at \$31,010,000; but we have had to expend a very considerable sum on public works—for the completion of the public buildings in Manitoba, on the harbour of Toronto, and on works in various other parts of the Dominion where works were absolutely necessary, and the sum voted was not found sufficient—so that the expenditure under that head has been increased; and therefore I estimate that the total expenditure this year will amount to the sum named, leaving a surplus of consolidated revenue of \$1,000,000. I estimate that the proceeds from public lands in the North-West will amount to another \$1,000,000, making the total surplus for this year \$2,000,000. It may be said by hon. gentlemen opposite that this is a great falling off from the surplus of \$8,000,000 last year; but it will be remembered that this time twelve months I estimated the surplus from consolidated revenue for the current year at \$2,250,000, my present estimate being \$1,250,000 less. Well, let us see, Sir, what circumstances have led to that reduction. In the first place, the expenditure has been increased, while the receipts have been reduced. Why is there such a great difference in the surpluses of the two years—\$8,000,000 in the one case, and \$2,000,000 in the other? Simply because, having that surplus, the Government felt that they could come to the House and ask Parliament to appropriate a much larger sum of money for public works, including buildings and harbours, than was ever asked from Parliament before—a sum of money that will reach \$3,250,000 during the current year, or an increase of about \$1,500,000. The Government felt, Sir, that with the surplus they had at their disposal, they were justified in asking Parliament for these appropriations; Parliament granted them; and these moneys are now being expended for these purposes. In addition to that, we have increased expenditures on the postal service, on payments on account of Sinking Fund, on Immigration, on Militia and Defence, and on Mounted Police for the current year. Well, Sir, there was an increased expenditure of \$2,250,000, with an estimated reduction in the revenue, which we supposed would leave us with a surplus of \$2,250,000; whereas, owing to

the falling off in the revenue, it is estimated that our surplus will be \$1,000,000 from consolidated revenue, and \$1,000,000 from public lands. It must also be borne in mind that the revenue was decreased from other causes. What were they? One was a reduction of taxation of \$2,250,000 as compared with the year 1881-82. What were the reduction? \$844,016 on tea; \$76,313 on coffee; \$91,719 on tin sheets and blocks; \$200,000 on stamps; \$50,000 of postage on newspapers; \$700,000 of reduction in the tobacco duty; \$1,000 on scrap iron; \$14,250 on periodicals; and \$50,000 on wire and other articles; making about \$2,300,000 of reduction in the taxation of the country, which of course reduced the surplus. Now, Sir, we come to the subject of the estimated income and expenditure for the fiscal year 1884-85. The estimated income is as follows:—

From Customs.....	\$20,000,000
“ Excise	5,550,000
“ Post Office.....	1,900,000
“ Public Works, including Railways	3,000,000
“ Interest and Investments	750,000
“ Other sources	800,000
<hr/>	
Total estimated income.....	\$32,000,000

I may mention here, as one of the causes of reduced income from Customs which we have taken into account is the increased producing power of the manufactures of Canada. The manufactures of the country have been increasing from year to year to such an extent as to materially affect the revenue of the country by causing a reduction in the imports. The estimated expenditure, according to the Estimates now on the Table, will be \$29,811,639. It will be observed by hon. members, that the estimate, so far as public works are concerned, of \$1,900,000 provides for the completion of public works, for which votes were taken last Session and are being expended this year. They contain no new item and it is probable therefore that a very considerable amount will appear in the Supplementary Estimates for public works in addition to those contained in the Estimates before us. It is probable that Parliament will be asked for some expenditure with reference to the obtaining, or, at least, securing the extension of railways, and of course the interest of that sum will have also to be provided. It has been intimated here that it may be found desirable to extend the Canadian Pacific Railway system from Montreal to Quebec, and an amount may be required for that purpose. There may be expenditures also beyond that, but whatever they may be, there will still be, in addition to the expenditure on public works, some items, no

doubt, of that kind to be added. It is estimated therefore that the Supplementary Estimates will amount to \$800,000 which will make the total expenditure for the next year \$30,611,639; the estimate surplus from consolidated revenue is \$1,400,000, and the estimated receipts from land in the North-West \$1,250,000, or a total estimated surplus for next year of \$2,650,000. The leading items of increase are: Militia, \$139,000; Mounted Police, \$54,000; Post Office, \$211,000; and the leading items of decrease are sinking fund and interest \$235,000, Public Works \$750,000, Indians \$147,920. Under these circumstances, it would appear that during the current and the next year the surplus will probably be in the neighbourhood of \$2,250,000 per annum, and it will probably be satisfactory to hon. gentlemen opposite who have objected from time to time to the large surplus to learn that it has been reduced by a reduction of taxation, by decreased importation, the result of increased manufactures in the country. Now I desire to call the attention of the House to objections that have been taken to the Tariff of 1879 by hon. gentlemen opposite who have complained of the enormous surplus that we have received in the past; who complain that we have been taking from the pockets of the people a large sum of money which it would be much better to have allowed to remain there. The hon. the leader of the Opposition in the remarks he made upon the subject, said: \$20,000,000 have been taken out of the pockets of the people during the last four years unnecessarily; yes, he said not only \$20,000,000, but probably \$30,000,000. When I read that statement, I read it as delivered elsewhere; when it was made in the House, one of my colleagues, sitting near me, said: "What does he mean by that?" That was the question I asked myself when I read that statement for the first time. Well, I concluded, from the remarks made, that the hon. member not only took into account the \$20,000,000 we had received but he added the interest on that and other charges, the profits, I suppose, that the consumer had to pay to the middleman. I presume that is what the hon. gentleman meant. Now, let us see how the case stands. We have had in the last four years an average surplus of \$5,000,000 a year, but \$4,000,000 of that, or nearly, has been the proceeds of land in the North-West; that therefore, was no tax upon the people. You may take \$4,000,000 off that, at all events, to commence with. Then let us see how far the position taken by the hon. member, if I understood him aright, is carried out. He estimates, I presume, from the remarks that fell from him, that the consumer pays not only an increased duty but an increased profit

on that duty to the man from whom he purchases the goods. Is that clearly established? I will appeal to every hon. gentleman in the House to-day who is doing business whether the manufacturers in the United States and the manufacturers in the old country have not approached him in the last three or four years and offered to sell him goods at a lower rate to meet the increased duties that have been collected and gone into the Treasury of the Dominion. We know that is the case. No one knows it better than the hon. Minister of Customs who has been brought in contact with this from day to day since 1879. Everybody understands this fact, and therefore a very considerable portion of the \$16,000,000 of Customs that has been paid into the Treasury of the Dominion over and above what was necessary to pay our expenditure, has been, beyond doubt, paid by the manufacturer abroad. Is it a fact that the consumer always pays the increased duty? We know perfectly well that many of our men who are largely engaged in business complain that the imposition of the $2\frac{1}{2}$ per cent. additional duty upon the goods they import is just so much out of their pockets, as they do not get it from the consumer. That is the allegation very often made. I will quote an authority here which the hon. leader of the Opposition, I think, will not object to, to show that in many cases and certainly in some, the consumer does not pay the duty. I quote, as an authority, the hon. gentleman who has just left his seat and is sitting at the lower part of the front benches (Mr. Paterson, Brant). The hon. leader of the Opposition may not consider him quite as good authority, judging from what has occurred lately, as if it came from the hon. gentleman opposite (Sir Richard Cartwright.) Still I know he has great confidence in the opinion and judgment of the hon. member, and therefore I will give the leader of the Opposition that hon. gentleman's view to show that in many cases the consumer does not pay the additional duty. I refer to the hon. member for Brant (Mr. Paterson) who said, in 1876 :

"The other year the Finance Minister, in revising the Tariff, gave some encouragement to our industry which it never had before. The result was that 1,000 men who were engaged in that industry in Germany were literally transported, by the change in the Tariff, to Canada and set to work here. The cost of the article was not increased one iota, and Canada got all the benefit. The middlemen suffered a diminution of profits, but for them nobody seems to care much, the producer and consumer receiving all the sympathy."

That is the statement, no doubt a correct one, and it is applicable to many other articles upon which the duty is increased, the consumer not paying it. The experience of the last four years has proved beyond doubt the

wisdom, or, at any rate, the fairness of that Tariff; that is the wisdom of its provisions in securing the necessary revenue, and besides the necessary protection for the industries of the country. Now it will be well understood by hon. members that if a Tariff had been framed that would simply give revenue sufficient to meet the expenditure for the first year or two, there would, as our manufacturing industries increased, in two or three years be a condition of things that would require the readjustment of the Tariff and the imposition of increased duties. Well, Sir, the Tariff was to a certain extent, I admit, an experiment, because we did not know exactly what it would produce. We found that, by its application to the imports of the country, from the improved condition of the country increasing those imports, though we had a deficit in the first year, as the result of the over-importation of the year previous, we had in the next year a surplus of four millions, in the year following a surplus of six millions, and in the fourth year a surplus of seven million dollars. Under these circumstances, finding that that Tariff was ample to meet not only all that was required for the time being, but to meet the requirements of the future, the Government asked Parliament to take off two millions and a quarter of taxation. What is the position we are in to-day? Notwithstanding that the people have been relieved from the payment of that two millions and a quarter of taxation, notwithstanding that there has been a large increase in the manufacturing industries of the country, still we have a surplus of from \$1,000,000 to \$2,000,000 a year, sufficient to meet any further increase which may take place in the producing power of our manufacturers throughout Canada. Under these circumstances, we are in a position to-day to meet Parliament and say, we have provided for the past, we have had a surplus in the past, we have reduced taxation, and the revenue, without any change so far as increased taxation is concerned, is ample and sufficient for the future, expenditure that may fall upon the Dominion. Now, under those circumstances, I hold that this Tariff has been in that respect a success. It may be said: "It is true, but should you not have made it something less than it was and not have had such a large surplus during the three years to which you refer?" We might have done it, but I doubt if it would have been politic, even if we knew that such would have been the result. What has been the effect? We have been able to take off the duties on the necessaries of life, many of them, and we have been able to do what members of the late Government said they intended to do

if they had been in power when they had a surplus revenue. They justified themselves in not collecting revenue sufficient to pay the expenditure from 1875 down to 1879, because, when good times came, they would take the surplus and appropriate it to paying the deficits during that period. We have done that. We have paid off these deficits. We have reduced our debt. By the legislation that has taken place here, we have increased the Dominion note circulation since 1879 by \$6,500,000, and by providing that we should deposit Dominion debentures guaranteed by the Imperial Government for a part of it, we have not been required to keep one dollar of gold more than when we had a circulation of \$11,000,000 or \$12,000,000; therefore we have had an increased circulation of \$6,500,000 without any great cost to the country. We have reduced the interest of our debt by having a respectable surplus, and thus increasing the value of our securities; and, more than that, we have, by the course we have pursued with reference to the appropriating of this surplus in reducing our debt, placed ourselves in such a position that the net interest paid by the Dominion of Canada during the last fiscal year was \$290,000 less than we paid in 1879-80. Under these circumstances, Sir, I think that the policy of the Government has been justified, the Tariff has been justified, and I believe that the evidence that we will be able to submit a little later on will confirm our friends and supporters who have sustained this Tariff up to the present time in the conviction that it is the policy to pursue for the future. I propose to follow, to-day, the course which I have pursued since 1879, and which, I think, is the most satisfactory line to take, and that is, year after year, to place upon record the answers to the objections that were made by hon. members opposite when that Tariff was under consideration. I purpose, on the present occasion, to take up as I have in the past, all the objections urged by hon. gentlemen opposite in 1879, and to produce, from our Trade Returns and from the statistics that we have, evidence that I think will be satisfactory to this House and to the country, that their fears, entertained and expressed in 1879, have not been justified by results any year since that period, down to the present. But I desire, before I go any further, to call the attention of the House to the few changes that the Government propose to make in the Tariff. I say they are few and unimportant, because, after considering this question carefully, the Government thought it best, this year at all events, to disturb the Tariff as little as possible. I know it has been said we have since 1879 made a good many changes every year, and I think they were wise and judicious, but we all felt at the time that it was desirable to do as little in that way as

possible, unless the public interests demanded them; but in the present year the changes are not important, and they are in this direction—they are in the direction of giving to the manufacturer articles that are now unenumerated and pay 20 per cent, at a reduced rate of duty of 10 per cent., or to place them upon the free list. This is still recognizing the principle of maintaining and encouraging the industries of Canada. The articles it is proposed to place upon the free list are as follows:—Belting cloths. Boracic acid. Canvas manufactured from jute, 58 inches wide, for floor oil cloths. That has been free when uncalendered, and I may say here that the parties engaged in this industry throughout Canada thought they had a right to import and did import the uncalendered article for a time, but it was found to be not consistent with the law, and it is proposed to place the jute canvas calendered in the same position as uncalendered jute canvas was before. Cherryheat welding compound. Grease and grease scrap was upon the free list before, but connected with it was the condition “when imported by soap manufacturers.” That is struck out and it is open for any person as well as soap manufacturers to import grease and grease soap. Indigo paste and extract. Indigo has been free in the past, but they have a new preparation of indigo called “paste and extract” for the same purposes, and it is proposed to introduce these articles into the free list. It will be remembered that last Session it was decided by Parliament that iron beams, sheets, plates, and knees, for iron or composite ships or vessels, should be free, and it is now proposed to add angles to that list, and make it iron or steel, because the parties are importing and using steel as well as iron, and it is simply placing steel for these purposes in the same category, and adding angles. Oxide of manganese. German mineral potash. Sulphate of sodium. Steel for saws was free before. We add straw cutters cut to shape. We strike out colcothar. It was an uncertain article, and an attempt was made to import other articles under that name. Vegetable fibre for manufacturing purposes. That also involved a great deal of difficulty in the Customs Department, and it is proposed to strike that out. Fish-plates, steel, to be struck out of the free list, and they will come in under the iron and steel plates at the same rate of duty. Then I come to the dutiable list. Acetic acid, raised from 15 to 25 per cent. It was found that a very strong description of vinegar under the head of acetic acid was imported, and it probably was acetic acid, but, by reducing it, and adding large quantities of water, they converted it into vinegar, and paid less duty than the man who imported

vinegar, so it is to be placed at the same rate as vinegar. and therefore it is proposed to put such a duty upon it as will make about the same rate of duty as is paid on vinegar. Caplins, unfinished Leghorn hats, now paying 25, are to be the same as finished—20 per cent. Carpeting and mats of hemp are to be the same as jute. Jute now pays 25 per cent., but hemp does not. A difficulty occurred with reference to the character of the article that was entered, and they are to be made both the same. Celluloid moulded into sizes for knife and fork handles, and not manufactured, 10 per cent. This has become necessary in order to supply one or two cutleries that have been started in the Dominion, and it is proposed to admit handles unfinished at 10 per cent. Last year we placed $27\frac{1}{2}$ per cent. upon cottons, prints, and dyed cottons—they remain the same. Jeans and coutilles were left on the 20 per cent. list, with one or two articles of a similar description of cotton, and it is proposed now to place jeans and coutilles only for corset makers, at 20 per cent. Cotton, 42 inches wide, for enamelled cloth. This 42-inch cotton is not made in the Dominion of Canada. The manufacturers of window shades were given the right to import it at 15 per cent., and this is extending it to the manufacturers of enamelled cloth. Earthenware decorated, printed or sponged and all not elsewhere specified—this is the same as at present, 30 per cent. I may state here that the reason for the more definite description is that a question has arisen between the importers and the Customs Department with reference to the Tariff as it exists at present. An action was brought by a firm in Montreal, claiming that the Customs Department had made an illegal collection. A suit was brought, and the verdict was given in favour of the Department; and it has been thought better in order to prevent any difficulty in the future that the description of the earthenware should be more specially given. India rubber vulcanized handles, for knives and forks, 10 per cent. Iron,—cast-iron forks, in an unfinished condition, 10 per cent. Labels for fish cans and other printed matter, to pay 6 cents per lb. and 20 per cent. Pins of all kinds at present under the Tariff, made of brass wire, were one rate of duty, and of iron wire another rate; and as a considerable amount of capital has been invested in Ontario in making these pins the duty is made 30 per cent. on all. Soap powders, 3 cents per pound. Steel now \$5 per ton, is to be \$3 per ton and 10 per cent. This is in order to equalize the duty more generally, and gives some more protection to the steel industry than it had in the past. Steel,—rolled round wire rods, under half an inch in

diameter, for manufacturing wire. It now pays 10 per cent. without any condition attached to it. Arrangements are being made for the manufacture of wire, which now pays 15 per cent., and in order to give the manufacturers some profit it is proposed to reduce that description of iron used in the manufacture of wire, to 5 per cent. Needles, cylinder, hand frame and others,—this particular description of needles manufactured in the Dominion of Canada is to pay hereafter by this proposal 30 per cent. Now, I come to the question of the sugar duty. During the last six months the Government have had their attention called to this question by a number of individuals throughout the Dominion of Canada. I may mention that during last year, in October or November, a new tariff on sugar came into effect in the United States. That tariff is based upon the saccharine value of sugar below No. 13, tested by the polariscope. It has, by its operation, changed very considerably the trade in that country, and it has effected, to a certain extent, the trade with us, because a class and description of sugar that was formerly manufactured for, and taken largely by, the American market, suited our Tariff. That is now changed, to a certain extent, and the result has been that imports of sugar from the East Indies and from Brazil have increased considerably during the last six months. Therefore it became a serious question with the Government as to how they were to deal with this matter. I may say here that difficulties under the existing Tariff have arisen, as the Minister of Customs knows very well, under the following provisions: All sugars imported from the countries of produce paid no duty upon packages or charges, therefore sugar imported from the country of growth, suffered various deductions, according to the value of these packages, and the amount of these charges. These varied from 7 up to, in many cases, 27, and great difficulty has been experienced by the Department in order to get at an accurate statement of these charges. Then, on the other hand, difficulties have been experienced by the Department in ascertaining the exact value of sugar. In some cases it was known and afterwards discovered that sugars were imported below their value, and unreasonable and illegal deductions were made for packages and for charges. After having given this matter a good deal of consideration, the Government have decided for the present—though the matter was pressed on them very strongly, and there is a good deal to be said in favour of adopting the polariscope test,—to delay action at all events for the present Session, in order to give them an opportunity of investigating this

matter fully, because it is a question that we cannot deal with in a hurried manner and without giving it full and mature consideration, as otherwise disastrous results might occur. We can make an investigation ourselves; we can enter upon negotiations, which will, no doubt, be not only desirable but necessary, in the present state of arrangements between the United States and Spain. It will be one of the objects, I am sure, of the early efforts of our High Commissioner when he returns to Europe, to endeavour to make some arrangements with Spain on that subject; therefore we thought proper that this matter should stand, at all events, as far as the adoption of the polariscope test was concerned, until the next Session of Parliament. To obviate existing difficulties, we make this proposition: that while the duty now collected upon sugars imported from the country of growth and produce is 30 per cent., after deducting charges, it is proposed to make the invoice for the payment of duty free on board, including packages and all charges, and to reduce the duty to $27\frac{1}{2}$ per cent. That is the proposition; and it will give about the same result. And it has been decided, also, to establish such a system as will prevent what has occurred in the past—an improper and illegal entry of goods at one port and at a lower price than at another port. The arrangement is to be made so that there will be a uniform fixed rate throughout the whole Dominion, with reference to the cost of sugar, in the future. Now, Sir, another change is proposed. At present, the rate of duty collected on molasses, when used for conversion into sugar or syrup, is 25 per cent., and for domestic purposes, 15 per cent.; it is proposed to reduce the duty on all molasses to 15 per cent. when it comes from the port of production direct, and to remain as now 5 per cent. higher if it does not come from the port direct. The duty is to be collected free on board. Then, chloride of zinc and sulphate of zinc, used in the manufactures, is to be reduced to 5 per cent. It is in the unenumerated list at present. Then will follow the repealing of all clauses inconsistent with the foregoing; and it is proposed to amend section 8, 42 Vic., chap. 15, with reference to damaged and perishable goods. At present, if less than 25 per cent. of the whole invoice is damaged no return can be had. It is proposed, now, that if for instance in a case containing plate glass or glass of any kind 25 per cent. of the package is destroyed, then the party is to have the benefit. If 20 packages out of 100 packages at the present time were destroyed and not amounting to 25 per cent. of the whole, the party would not get any benefit. These are the provisions contained in the proposals to be submitted to the

House. They, if anything, reduce the amount of revenue that will be collected under their operation.

Mr. MITCHELL. May I ask if you propose to take the duty off corn meal?

Sir LEONARD TILLEY. Not at the present Session.

Mr. MITCHELL. I hope you will at a very early period, at some future Session, consider it.

Sir LEONARD TILLEY. I desire to call the attention of the House to the objections that have, on former occasions, been raised to this Tariff. One was that it would damage our credit in England. It will be remembered very well by hon. gentlemen who were in the House in 1879 that that was one of the principal objections brought forward by hon. gentlemen opposite. It has not damaged our credit down to the present time. In October last, our 4 per cent. securities were higher than they ever reached before. They were, ex-dividend, 14 per cent more than we obtained down to 1878 or 1879. I will take this opportunity of stating what arrangements were made in England, when I was last there, with respect to the maturing loan. I placed myself, by authority of the Order in Council, in communication with our agents there, with respect to the redemption of the loan. After conference with them, it was decided that about November it would be wise to place a loan for £2,000,000 sterling on the market to redeem in part the 5 per cent. securities that fall due on 1st January, 1885. This would leave us with a smaller amount to place in the market the next year. It was suggested by the agents that that loan should be a short one, for ten years, and at 4 per cent., that we might be in a position to say to the holders of the present loan maturing on 1st January next, bearing 5 per cent., we will either exchange those with you dollar for dollar or pound for pound, which which would be placing the 4 per cent. loan at practically $1\frac{1}{2}$ or 2 per cent. premium, because we had three coupons to pay on the debentures maturing on 1st January next, or exchange them as far as they go, or allow the agents to purchase them as they were placed on the market. They then suggested that next year, later in the season, in December, we should place a $3\frac{1}{2}$ per cent. loan on the market for thirty years for the redemption of the balance of that loan, and for the £2,000,000 sterling we would probably require to meet the expenditure on carrying the Canadian Pacific Railway to completion. They, of course, said that a $3\frac{1}{2}$ per cent. loan would not bring as high a rate as a 4 per cent.; but they gave as their reason for suggesting that the loan, to be issued last autumn, should be for ten years at 4

per cent. that it would enable us to exchange them for 5 per cent., and the probabilities were that when the ten years had expired and the debentures were redeemable we could replace them by $3\frac{1}{2}$ per cent. debentures nearly at par. That was their idea, and therefore they suggested a loan for a short period. The matter was left in that position with the understanding that I should cable them or communicate with them whenever a desirable opportunity offered to place on the market the £2,000,000 sterling, or \$10,000,000 for ten or twenty years—we had not fully decided on the period, but they suggested ten years. In the meantime a proposition came from the Canadian Pacific Railway Company to deposit \$16,000,000 and in February a further sum of \$4,000,000 on account of the proposed guarantee, and I at once communicated to the agents that this proposal having been agreed to, the matter would stand over for the present. We thought under these circumstances we could use a portion of the \$16,000,000 and the \$3,000,000 or \$4,000,000 to be received on the 1st February, in the redemption through the agents of the 5 per cent. falling due in January next. The matter remained there; and I may here add that after I came from England, and after conference with my colleagues, it was decided, having made a pledge in the House last Session that if a loan were necessary during the year in order to meet the exigencies and requirements of the people of Canada who required as executors of estates and trustees to make investments, we would float a loan here for a limited amount—to place a \$4,000,000 loan on the market and that the minimum should be par. References have been made out of the House and in the House to that loan, those made out of the House, I will not say those made in the House, being made with a view of damaging the credit of Canada. But what are the facts with regard to it? The facts are these: That hon. gentlemen opposite know right well that the only loan we have placed on the Canadian market down to 1880 was at 6 per cent.; that in 1880 or 1881 it was decided to call in those 6 per cents., and we stated to the parties who held them that they could either have 5 per cents. or their money, and only a portion of the amount was taken in 5 per cents. And this last loan is the first loan ever floated by the Government of Canada at 4 per cent. or a shade less, as this was. It may be said that it was a great mistake to place that loan on the market without being quite sure the whole of it would be taken up. It was not offered, because there was a pressing want of the money. There was no

reason why we should float a loan at a less rate than in England except to meet the demands to which I have referred, which the Government were pledged to do; and there could be no doubt we could have floated the \$1,000,000 loan without any trouble had we adopted the course invariably followed in England of making certain allowances to brokers and paying percentages indirectly to parties tendering for the bonds; we were approached on that subject, but we neither paid any party in the shape of a syndicate, nor gave any commissions, nor paid any brokerage. The brokers asked a certain commission and we declined to give it, but we felt we were under an engagement to Dominion investors. We had taken up nearly every Dominion security payable in Canada. We had taken up the sixes, the fives, and the only debentures that remain now are the Savings Bank fives which are payable in a year. Many of those who were trustees of estates came to us within the last year or eighteen months asking for securities of this kind. The Government had pledged themselves, for I had stated in the House that when a loan was necessary it would be placed in our own market and among our own people. When the loan was offered we found that many of them had placed their money in banks—I do not know at what rate of interest. The banks found it in their interests to urge their depositors to allow this money to remain. Therefore we have not placed as large an amount as was expected of the loan. I had applications from England as well as from the United States. One was from a firm in Boston—Blake, Bros. & Co.—no connection, I believe, of my hon. friend opposite, but they wanted to float the debentures in the American market. I said no, these securities are held for Canadian investors, and if we had sold four million instead of one we would have had to seek temporary investment for the money. Therefore it was placed at $2\frac{1}{2}$ per cent. premium in the meantime; but if we find that this is more than our securities bring in the English market we may reduce the rate. Pending that necessity, however, we felt that it was best to keep them where they are, and we told the applicants that they were held for investment in Canada, and not out of it; and for the purposes which I have stated, and to which we had pledged Parliament they would be devoted. Under these circumstances that loan cannot be considered a failure, because it was placed at a lower figure than we have ever obtained money for in Canada. We now receive money, it is true, in the savings banks, on call, for which we pay 4 per cent. It may be asked were you acting in the interests of the country in placing them at par? I call attention to one or two facts which though they are

applicable to the discussion of the guarantee by the Canadian Pacific Railway Company, did not come up in that discussion, though, I thought, it might be stated by hon. gentlemen opposite, that we might have obtained money on better terms in England. Taking money at par in Canada, the interest and principle paid here, is as good as at 2 or 2½ premium in England. The ex-Minister of Finance knows perfectly well that when we go into that market and ask tenders for a large sum of money it is done on the wholesale principle. He knows perfectly well that the difference between every day rates quoted for the small lots, and what the Government realizes from large loans is about 2 per cent.—that is the Government realizes about 2 per cent less than the figures given in those quotations. That is generally the case; but in addition to that, let me say, that we have to pay 1 per cent. premium, and for a large portion one-quarter per cent. brokerage. For debentures running thirty years, one-half per cent. is paid to the agents as commission for the payment of coupons, and amounts to over one-half per cent. during that period. These amount to 1½ per cent. Then the difference between having our money here, paid into our own Treasury, and having it paid in England, and transmitted here is equal to three-quarters of 1 per cent. more, and therefore there is a difference between obtaining the money here at par in preference to obtaining the money in England, amounting to 2 per cent. Therefore we felt justified in naming par as the minimum; and we felt ourselves justified in a financial point of view in taking the money at 4 per cent. from the Canadian Pacific Railway. We felt if we could obtain \$4,000,000 at par, well and good, but to give it at less than par would be to place it at such a rate that it would not be in the interests of the country to dispose of it. We are therefore holding it for its original purposes, but if it is found to be desirable or necessary we may place it at a lower rate. Now, what was our position? Our position last autumn was most favourable. We had reduced the amount of the bonds of Canada in the hands of capitalists in England, to the extent of \$10,000,000, between 1879 and 1883. We have not been compelled to go into the English market for a dollar since 1879. The fact of our not requiring to do so gave us, of course, a favourable position in the money market. Then, as I stated here last Session, the chances were, that beyond placing the loan on the market for £2,000,000 to meet the £2,000,000 sterling we were redeeming or had to redeem this year, the exchange of the debentures at 4 per cent. for the \$29,000,000, after deducting

the sinking fund falling due next January—we were going into the market simply to exchange securities rather than to ask for new loans. The result has been that from our surplus, from our improved credit, the securities of Canada stand to-day from 3 to 4 per cent. higher than those of New South Wales, which used to be $2\frac{1}{2}$ per cent. above Canada. Now, I am free to admit that the obligations which we have undertaken by the measure which has just passed this House, will of course, compel us to go into the English market for more money than we otherwise would have required. When we made arrangements with our agents for the exchanging of securities, they agreed not only to redeem but to place the new bonds for £2,000,000 at one half per cent., whereas under the old arrangement it would have been 1 per cent. for redemption and 1 per cent. for payment. This is a favourable arrangement and will save us a large sum of money. The probabilities are that owing to the rapid progress of the work on the Canadian Pacific Railway, we will have to go to the English market within a year for £3,000,000 on a thirty years loan. It may be desirable next year to provide £3,000,000 sterling by a short loan of seven years, which will fall due in 1891, when the advance becomes due and payable by the Canadian Pacific Railway. Hon. gentlemen opposite may say that that will be somewhat embarrassing, considering that we have \$29,000,000 to redeem on the 1st of January. It may, or it may not. Much will depend on the state of the money market at the time; but we are in this position: That if it should be found desirable to do so in the interests of the country, as the debentures which mature on the 1st of January next are not absolutely payable on that date, we may avail ourselves of our option and allow their redemption to stand for another year, and it is for this reason among others that the Government exacted from the Canadian Pacific Railway Company a rate of interest which would place them beyond all chance of loss, and with probably a very considerable gain. Now, Sir, that is our position, financially, on the other side of the Atlantic. Our credit has not been damaged. Our credit, as I say, was never better than it is at the present moment, and never has there been a period in the history of the country when we could go to the old country to obtain a loan for the completion of the Canadian Pacific Railway on more favourable terms than we can at present. Our interest last year was \$290,000 less than it was in 1880–81, and in another year or two, at all events, we shall redeem our 5 per cent. debentures for others bearing 4 per cent. or less, and we are in a position to state to Parliament that even with the engagements we have made, the maximum net interest which was paid in 1880–81

will not be exceeded when this great work is completed. Well, Sir, there was another objection. We were told that the Tariff would decrease our trade with Great Britain. I do not desire, Sir,—because I think it would be an unfair way of dealing with this question—to shirk meeting every objection which has been taken against this Tariff year after year. I present the facts and place them on record, so that we may have a means of judging for ourselves, year after year, as to their value. Now, Sir, has it decreased the trade with England and increased the trade with the United States? Let me give you a few facts. In 1876-77 our imports from the United States entered for consumption were \$51,312,669; from Great Britain, \$39,572,239; making a difference in favour of the United States of \$11,740,430. In 1877-78 our imports from the United States, entered for consumption, were \$48,631,739; from Great Britain, \$37,431,180; making a difference in favour of the United States of \$11,200,559. In 1878-79 our imports for consumption from the United States were \$43,739,219; from Great Britain, \$30,993,130; making a difference in favour of the United States of \$12,846,089. In 1882-83 our imports for consumption from the United States were \$56,032,333; from Great Britain, \$52,052,468; making a difference in favour of the United States of \$3,979,865, against an average difference of \$2,000,000 in the previous year. Now, Sir, it may be said by hon. gentlemen opposite that the increased imports during the last year or so are in greater proportion from the United States than from Great Britain. I admit that the proportionate increase from the United States was greater last year than formerly. This was due to exceptional circumstances. Just let us look at the imports into British Columbia and the North-West Territories during the last year from the United States in connection with the construction of the Canadian Pacific Railway. The increase of the imports from the United States into those two Provinces of the Dominion during the past year as compared with the year 1881-82, was something like \$9,000,000. As I stated before, the duty paid by the Canadian Pacific Railway Company on imports of locomotives and rolling stock from the United States during the past two years was nearly \$1,000,000, showing that that Company alone must have imported \$4,000,000 or \$5,000,000 worth of articles of that exceptional character from the United States during that period. You will also find, if you trace the increased imports from the United States during the past year, that a very large amount consists of cattle which have been taken from the United States into our North-West coun-

try for the grazing companies. But, Sir, these items are exceptional, and the figures I have given show that the difference in the imports from the two countries has been largely in favour of Great Britain. Now, Sir, I want to state further the aggregate trade with Great Britain—the total imports and export—was in 1879 \$67,288,848, whereas in 1883 it was \$99,197,684, an increase, in that period, of \$31,908,836. The aggregate trade with the United States in 1879 was \$70,904,720, and in 1883 it was \$97,701,056, an increase of \$26,796,336, as against an increase of \$31,900,000 in our aggregate trade with Great Britain. Let me state further that the increased duties on the imports from Great Britain, under the new Tariff, are $2\frac{9}{10}$ per cent., while on the imports from the United States they are 6 per cent.; showing that the application of the Tariff has not been against England and in favour of the United States, but, on the whole, largely in favour of trade with England as compared with the United States. Now, Sir, another statement made was that by the imposition of the duty on breadstuffs, we would materially interfere with the transportation of foreign produce through Canada. I recollect that the hon. gentleman who took his seat in this House yesterday (Mr. Mills) argued this point at considerable length. He endeavoured to show the advantage that we possessed in having these exports pass through Canada, in the shape of business to our railways and employment to our people, and he urged that the effect of the duty on bread-stuffs would be very damaging to Canadian industry in every way. Now, I hold in my hand a statement furnished by the Customs Department of the value of the produce exported from Canada, not the produce of Canada, for several years, which is as follows:—

1876.....	\$6,417,506	
1877.....	5,746,654	
1878.....	9,856,246	
1879.....	7,618,442	
	<hr/>	\$29,638,848
1880.....	12,462,486	
1881.....	12,137,799	
1882.....	6,003,233	
1883.....	8,156,366	
	<hr/>	\$38,799,884

In 1882 there was a general falling off in the exports from every port on the continent. This statement shows that the average annual export of foreign goods from Canada during the four years from 1876 to 1879 was \$7,409,712, while during the four following years, from 1880 to 1883, it amounted to \$9,699,971—a satisfactory answer, in my judgment, to those gentlemen who

entertained fears on this subject. Now, Sir, it was also argued that this Tariff, if it proved to be a protective Tariff, could not be a revenue Tariff, and if it was a revenue Tariff it would fail as a protective Tariff. Well, It has proved to be a revenue Tariff; that hon. gentlemen opposite will not undertake to deny, for they complain that it has given too much revenue. Let us see, then, what evidence we have that it has encouraged the manufactures of the country. Two years ago, we had two gentlemen employed to visit the manufactories of the country, in order to ascertain if legislation was necessary to protect the labourers in factories. They gathered from a portion of the manufactories of the Dominion a certain amount of information most valuable in its character, showing the increased products of these manufactories, the increased number of persons employed in them, and the increased amount of wages paid. We have on various occasions produced certain information which we think cannot be controverted, and I follow the same course now. Take, for instance, the article of raw cotton. We can gauge very correctly the quantity of cotton manufactured, or its increased manufacture in the Dominion, from these returns because cotton is not produced in the country, and therefore the imports of that article will give very accurately its increased manufacture. In 1877-78, the imports of raw cotton were 7,243,413 lbs.; in 1878-79, they were 9,720,708 lbs.; in 1881-82, 18,127,323 lbs; and in 1882-83, 27,353,491 lbs. That shows pretty clearly that the Tariff operates as a protective Tariff or as an encouraging Tariff. Hon. gentlemen opposite will, perhaps, say that it is now too highly protected, causing over-production, though they helped to induce many persons to go into that industry by stating on the floor of Parliament that it paid the parties who had investments in it at 60 per cent. The imports in wool in 1877 and '78 amounted to 6,330,084 lbs.; in 1881 and '82, they amounted to 9,682,757 lbs.; in 1882 and '83, to 9,821,104 lbs. That gives a pretty fair index, though not so clear as in the case of raw cotton, because it is pretty well understood that an increased quantity of our home grown wool has been consumed in the manufacture of woollen goods in the past year. Still there is an evident large increase in the importation of wool of a quality not grown in Canada. Hides and pelts were imported in 1877 and '78 to the value of \$1,207,300, and in 1882 and '83 to the value of \$1,963,744, showing pretty clearly there has been a large extension in the manufacture of leather of various kinds. The increased value of machinery imported is shown by the following return :—

Value of Imports	1878.....	\$438,037
"	1879.....	40,3809
"	1880.....	503,858
"	1881.....	1,022,518
"	1882.....	2,194,446
"	1883.....	2,757,570

This is undoubted evidence of the increased development of our manufacturing industries of various kinds. I saw it stated in the leading organ of the Opposition, when this statement was made by one of the papers on the Government side that it was an indication that the Tariff had failed to encourage the manufacture of machinery in Canada. Well, I wrote a few letters to parties in Ontario on this subject, who were engaged in the manufacture of machinery, and then, answers were most satisfactory. They are rather long to read here, but one establishment said its production had increased by \$238,000 in the four years; and the others all said that they had a large increase, from a third to a half—some doubled the number of employees—and they attributed this increase to the policy which established manufactures in the country, thus creating a demand for machinery they had not before. With reference to my own Province, there is a firm largely engaged in the manufacture of machinery there. I did not write to this firm, but I know an application was made to it from the Department of Marine and Fisheries to do some work, and the manager replied that he was so full of orders that he could not tender for the work required by the Department. In all parts of the Dominion, there has been increased production of machinery, and machinery that could not be obtained here has been imported during the last year to the extent of \$2,757,570, showing pretty clearly the extent to which manufacturing industries have been increased throughout the length and breadth of the Dominion. Take also the article of coal. It is quite true the consumption of coal has been increased by the development of our railway traffic, and we know that it has been considerably increased through this cause within the last three or four years. In 1878 the imports of coal amounted to 892,446 tons, and in 1883 to 1,686,617 tons, showing an increase of 719,791 tons while the increased consumption of Canadian coal in 1883 over 1878 was 700,000 tons making a total increased consumption of 1,493,171 tons over 1878. It is quite clear there must be some cause for this increased consumption beyond the increased requirements of the railways, and all understand this to be the greatly increase number of factories driven by steam. It is not denied that the increase in factories established throughout the Dominion

has been very great indeed. This is the evidence I have adduced to show this policy has been not only a protective policy in its encouragement to manufacturing industries but it has also been a revenue producing policy. It was said the Tariff would not benefit the coal industry. I estimated in 1879 that in four years the increased output of coal in the Dominion of Canada would be 400,000 tons; and the returns I have received from Nova Scotia, though these are not quite complete, and those from British Columbia show clearly that the increased output of coal, as compared with 1879, for the last calendar year was 2,000 tons a day, for every working day, or a total of nearly 700,000 tons of an increase. That, I think, is an answer, and a forcible answer to the fears entertained and the opinion expressed by hon. gentlemen opposite that this Tariff would be of no service to the coal industry.

Mr. CHARLTON. What proportion of the increased output is from British Columbia?

Sir LEONARD TILLEY. Not much; it is mainly from Nova Scotia. Now, we come to two or three pet industries that have been pointed out by hon. gentlemen opposite as industries encouraged unnecessarily by the Parliament of Canada, as industries that have been pampered by an unnecessarily protective Tariff. I refer more especially to the cotton, woollen and sugar industries. With reference to the cotton industries, I think that hon. gentlemen who were in the House in 1879 and in 1880, will recollect that it was said by hon. gentlemen opposite that the capitalists who had invested their money in the cotton mills of the country were receiving enormous profits, at the expense of the mass of the people. That was the statement. Now I am not quite sure from what has taken place that these hon. gentlemen will not change their line of argument and say that this Tariff has been destructive to the cotton industry, that the men who have invested their capital in it will lose their capital, and that the public, the consumers, will obtain little or no benefit from it. That probably may be the line taken, but whatever may happen in the future, my impression is that though cotton stocks have fallen considerably from what they were a year or two ago, it will be found that the dividends which are being paid are fair and reasonable, and that the prices paid by the consumers of cotton in Canada are less to-day than they were in 1877-78. I am prepared to establish that the grey cottons manufactured in the Dominion to-day are sold by the manufacturers at prices as low, if not a percentage below what the same article is sold for in Massachusetts to men in the trade there.

With reference to other cottons, the statements that I have had are that, deducting the expense in bringing them here, the cottons are sold to the consumer to-day at about 10 per cent. above the price in the United States. They are buying both grey and bleached cottons to-day for less than they could buy them under the Tariff of the hon. gentleman opposite of 1877-78. It is true that that industry has experienced difficulties; it is true that many of the parties who put their capital into the companies for the erection of cotton mills incurred liabilities beyond the extent of their paid up capital, and, when the mill was finished, as a rule—I know it is so in several cases—there was a debt upon the mill and they had no capital to work it, and the result was that they had to obtain assistance from outside, and that assistance was rendered them as long as it was possible for the party who undertook to render it to grant it. But there was a limit to which even the strongest financial man in the Dominion of Canada could go in that respect, and, when the amount of discounts in the various banks of Canada on cotton account had reached a very large sum, and that they could not be extended, a difficulty arose. They had been manufacturing more cotton of a particular line (greys) than there was demand for, which increased their difficulties. A panic occurred, and the result was a depreciation of cotton stocks—and it has to a certain extent continued down to the present time. It became necessary, in order to diminish the stock on hand of a certain class of goods, that the number of employes should be reduced, in order that their operations might be put in a healthy condition. Then, when that became necessary in order to right matters, what was said? The lumbermen of the country are diminishing this year their output, because there is a large stock on hand; but has there been anything said anywhere against their doing so? Has there been any complaint from any quarter in reference to it? Has the wisdom of their course been questioned at all? No; but the very moment a few hundred operatives in a cotton mill were out of employment for a month, there was a cry through the country that the National Policy was a failure, that this pampered industry was in a desperate condition, and was in this condition as the result of the protection that had been given. I am prepared to say here to day that these industries, though they are in difficulty for the want of capital—and that is the main cause—are placing themselves in such a position that an occurrence such as took place last summer will not take place again. They are arranging to have diversified manufactures. They are arranging that this surplus stock

shall not occur again with reference to any one particular class; and, as far as I can learn, the dividends paid by many of these companies, under these circumstances, have been very fair indeed, and the only complaint of the stockholders is that they do not go into their pockets, but go to pay liabilities. Never mind; they get the benefit of them. But, while I believe these industries will pay and are paying reasonably at the present moment, the point I want to bring out is this, that the consumer is obtaining his goods, the clothing that he requires, the cotton necessary for himself and his family at a price less than he would have had it under the Tariff of the hon. gentleman opposite. Now, the next pet industry was the sugar industry. It was said that large fortunes were being made out of that. I should not wonder now if we were told by the gentlemen opposite that the protection we gave them has encouraged the construction of so many sugar refineries, that there is ruin before them as well.

Mr. MILLS. Hear, hear.

Sir LEONARD TILLEY. Well, that is their business, not ours. But I saw the dividend declared the other day by a company that was not very fortunate in its outset, I speak of the Halifax Refinery. It was not a very large dividend, but they declared a dividend, and I have reason to believe that the other refineries are paying a fair and reasonable return for their outlay of capital. The trouble now with hon. gentlemen opposite will be that they are not getting 30 or 40 per cent.; there would then be a grievance in reference to this matter. What is the position in which the consumer is placed to-day? It was said that the consumer would pay a largely increased price for the sugar he consumed. I think I am in a position to state that, at no period in the history of Canada, has the consumer of sugar had it at as low a price as he has obtained it during the past year, and I think I am in a position to state further that, had the Tariff of the hon. gentleman opposite been in operation during the last year, the consumer would have paid under that Tariff more for the sugar than he has paid during the past year. There are many persons opposed to this Tariff who are under the impression that the manufactured goods to which I have referred, cotton and sugar, cost more than they did under the Tariff of 1877-78. Well, it is quite natural that many persons, reading the Opposition papers, should get that idea, but I was very much surprised that a leading statesman, who should be thoroughly posted on this subject, was himself mistaken with reference to the matter. I refer to my hon. friend, if he will allow me to

call him so, the member for East York (Mr. Mackenzie). In a speech he delivered in Scotland—I do not know if it is correctly reported—he is reported to have made this statement:

“With regard to the sugar manufactories, the policy of the protectionist Government was such as to make it impossible to import sugar from any other country, and the Canadian people were taxed from two to three cents, or a penny to a penny and a-half penny per pound, more than formerly in order that sugar refineries might be established in the country. There were now five, and the probability was that there would be some more before long, leading to over-production, and all this going on at the expense of the country.”

Further on he says:

“Now, there was no doubt whatever that the farmers would soon find out that they pay, as they are now paying, nearly two prices for cotton goods, and an additional price for prints in addition.”

If my hon. friend was mistaken, as I allege he was, in reference to this, then it is quite reasonable to suppose that others who had not the same facilities for obtaining information upon the subject might also be misled. But it would strike the gentlemen present on that occasion, and some of them probably were interested in sugar refineries, as singular that under our Tariff we had only increased the duty between raw sugar and refined 5 per cent. as between the Tariff of 1878 and the present Tariff—only 5 per cent., except in regard to the United States, where they give a bounty, and therefore we make them pay on the duty paid value, but in regard to Scotland or England there was only 5 per cent. difference as between raw sugar and refined compared with the Tariff of 1878. And supposing that was $\frac{1}{4}$ of a cent per pound. These gentlemen would naturally ask themselves, how is it that, if the value of sugar to the consumer is 2 or 3 cents. a lb. more than it was before, we cannot get our sugar into the Canadian market when we only pay an additional duty of $\frac{1}{4}$ of a cent per pound. It would naturally strike them as very strange. I know that my hon. friend opposite must have been under that impression when he made that statement. But the facts are apparent to every person that sugar was never so cheap as it is at present. All sugar is cheap, I admit; but even with the low price of raw sugar under the Tariff of 1878, sugar has been during the last year, sold all through the country at a price less than it could have been imported under the Tariff of 1872. Now with reference to woollen goods, another article on the list here. It is said that the poor are taxed to pay the increased duty on woollen goods. Well, now, we have discussed that point in this House from year to year; we have discussed it on the platform outside the House, and I think the country is coming to understand

that question pretty well. I think people understand that at the present moment that woollen goods manufactured in Canada to-day are sold at a less price than they could have been sold if imported under the Tariff of 1878. I think that is well understood. I think the poor men, the labouring men, the men in moderate circumstances, and even the rich men who wish to consume as good manufactured woollen as can be made, all pay less for them to-day than they would have paid under the Tariff of 1878. New industries have been established in various sections of the country; even Prince Edward Island made a most creditable exhibit of woollen goods at the St. John Exhibition—that Province which, it has been said, over and over again, derived no benefit whatever from the National Policy. Now, Sir, at the present day the people know how it operates. It has been said that the farmer would be taxed and would have no benefit whatever under the operation of this policy. In 1882 I entered very fully upon that point, and my case was not as strong then as it is to-day. Then the hon. gentleman opposite asked us, as did their organ from month to month—where is the benefit to the wheat producer of Canada by your Tariff? Well, I admitted that they were not benefited 15 cents. per bushel, but they had a small benefit—I placed it at something like 2 cents. per bushel, and I had to admit that it was small. I went on to show that they had benefits in other directions which were very important to them indeed—that they had the benefits of better markets—home markets—that they had higher prices. The hon. gentleman opposite, perhaps, will take the course to-day that he has taken on former occasions, and attempt to show that the policy has increased the cost of living to the workingman beyond any increase of wages that is paid him. If he does, I will ask this House, I would ask hon. members who are cognizant of the facts to which I refer, whether the increased expenditure that we have to make at present in the cost of living, is not largely on the products of the farm? I appeal to house-keepers everywhere and ask them whether the increase that has taken place in the cost of living, is not mainly in the increased cost of food produced by our farmer, they having a better market and getting better prices for their produce. I need not enter into details further than to say that to-day the farmer has clearly and beyond doubt a protection of 8 and perhaps 10 cents a bushel upon his wheat, over and above what he would have with the Tariff of 1878, and receives that additional price. There is no question about that whatever. And I will venture to say that you may travel through any portion of the wheat producing

sections of Canada, and you will not find a man who is producing wheat who will raise his voice or cast his vote in favour of making wheat free—unless, perhaps, he be a very extreme party man. But, from all I can learn—and I have had pretty good opportunities of testing public opinion within the last two or three months—the universal voice of Reformers and of Liberal Conservatives, is: Don't change the duty on wheat. That is the demand. Well now, Sir, what do they pay in increased duty? Their tea is cheaper, their coffee is cheaper, as well as many other articles they consume, their cotton, I assert, is cheaper; their sugar is cheaper, their agricultural implements are cheaper—almost every thing they require is cheaper than it was in 1878, and I am satisfied that is their own testimony. Therefore, as far as the farmer is concerned, there is no ground for complaint, because he will understand and appreciate the position just as well as the hon. gentleman opposite, and at no period in the history of the National Policy do the farmers understand it better than they do to-day. Now, Sir, we come to the iron industry that they said was another pet industry and they particularly declaimed against the duty on pig iron. We also gave a bounty to that industry, yet notwithstanding the bounty to this industry, hon. gentlemen opposite state, it is in financial difficulty. Well, that is quite true; and I can assert, Mr. Speaker, that if they were not in receipt of the benefits of a protective Tariff and a bounty they could not continue to run a day longer. Though we require to pay from the Treasury a considerable amount of money as bounty to that establishment, or to any other that may be established, the parties who are engaged in it pay into the Treasury an equivalent to that bounty; and if it became a question as to the existence of that establishment, or the payment of the bounty, it could be easily settled, because the country would lose all these people and the revenue that is paid by this and other industries connected therewith would be lost by the closing up of that establishment. It may be said by hon. gentlemen opposite: "You have not succeeded in establishing any new industries of the kind, you have scarcely kept this one alive." Well, I believe the iron industry the world over is in an embarrassed condition to-day; every one knows that. You may go to Pennsylvania, you may go to England, you may go to any iron country the world over, and you will find the prices are lower, almost, than they were ever before; therefore, I am in a position to state that it is only by the protection given, and the bounty that was paid, that this establishment is kept in existence. We have had another indication

of that. A company was formed last autumn in England with a capital of £370,000, for the manufacture of charcoal-iron. They are likely to accomplish something still. I have no doubt their operations are somewhat paralyzed by the unusually low price of iron at the present moment. Therefore it cannot be expected that we can have prosperity in any particular industry of this kind when it is not in a flourishing condition anywhere else. Well, Sir, we come to another point. Hon. gentlemen opposite say: "What have you to say with reference to the argument you have adduced here on former occasions as to the value of bank stocks as an indication of the condition of the country? What have you to say with reference to the equalizing of the imports and exports—which the hon. leader of the Opposition referred to in his Speech in the debate on the Address?" Well, Sir, I say this, that the record shows that with reference to the balance of trade our policy has had, to a great extent, the effect we said it would and I will prove it. But a word or two with reference to bank stocks. Last Session of Parliament, as the hon. leader of Opposition stated, I made no reference to that subject as an evidence of the prosperity of the country; because I felt at the time that the value of bank stocks was at a point beyond which, in my judgment, the resources and rests of the banks warranted. It arose from various causes; it arose, in the first place, from men who could not obtain more than 4 per cent. for the money deposited in banks and various other institutions sought to get a larger return by investing in bank stocks; and hence this increased demand. It is true that it had the brokers who were engaged in these operations bulling the market, and forcing stocks above the point which I believed at the time, and a great many people agreed with me, was beyond their real value. The hon. gentleman (Sir Richard Cartwright) may ask as he did at Lennox three months ago: "What explanation has the hon. Finance Minister to offer as to the reduction in the value of bank stocks, which equals \$7,000,000 as compared with the value in 1882?" Well, I can say to him in reply: What has the hon. gentleman to say to the fact that since Parliament met, or since 1st January, the stocks of the Bank of Montreal and that of other Banks, have largely increased in value. The hon. gentleman stated at Lennox that:

"Some gentlemen present knew to their cost that, although it was not possible for the Reform Government to add one cent to the value of their tariff, yet that a Finance Minister who did not understand his business and would persist in acting on his own advice contrary to that of able men around him, could destroy the market for their barley by destroying the malt-producing interest of Canada, as Sir Leonard Tilley

had done most wantonly. (Hear, hear, and cheers.) The course followed had been suggested to him (Sir Richard), but on enquiry he found that if he started in that direction he might give American maltsters the opportunity which they had long been seeking of using our action for the purpose of excluding Canadian malt. He therefore abstained. Sir Leonard Tilley took a different view. He put on a duty, and in so doing struck a blow not only at an important Canadian industry, but at the interests of our barley growing counties, because it was of great importance to farmers that, if there should be for a time a surplus of barley, it should be malted in our own country and held over until such time as a rise in prices occurred. Now they were entirely in the hands of Oswego merchants and American maltsters. (Cheers.) * * * Not long ago the Finance Minister stated that the Dominion was safe for another seven years of uninterrupted prosperity. Scarcely were the words out of his mouth than the list of bankruptcies began to swell to such proportions that the list for 1883 would prove greater than that of the worst year of the depression when Mr. Mackenzie was in power."

The Bank of Montreal stock was the barometer of stocks generally, and that it had gone down millions. The value of that stock to-day is \$3,000,000 over what it was on the 1st January last. This would be evidence, if I were to follow the line of argument adopted by that hon. gentleman, that business is rapidly improving, a conclusion which I am not disposed to object to. What were the circumstances which led to the depreciation in the value of bank stocks? Several circumstances combined to bring about that result, but I do not hesitate to say that the outrageous mismanagement of the Exchange Bank had a great deal to do with it. It is quite true that when the final crash came it did not affect terminally the banking institutions of the country; but it affected men seeking investments and those who held bank stocks as investments, they were led to the conclusion that as permanent investments these stocks were not satisfactory securities to hold. The consequence was that such persons sought investments elsewhere and placed their bank stock on the market, and that circumstance together with the disturbed state of the market at the time would assist the "bears" to force stocks below their real value; and that indeed was the result. What was there to justify that great reduction? I have a statement here which shows that nine or ten of the banks increased their rest during last year by \$1,781,000, and still their stock had depreciated in value for the reasons stated. But they are now advancing, being restored to a figure nearer their fair value, and I am satisfied they will reach a higher point than at present. The existing position of bank stocks does not deprive us of the argument we used before, that it was the satisfactory financial condition of the country, that increased the value of those stocks, and they are far higher to-day than they were in 1873, and will go still higher.

After Recess.

Sir LEONARD TILLEY. Previous to Recess, Sir, I was calling the attention of the House to the statement that was made out of the House by the hon. member for South Huron, and in the House by the hon. leader of the Opposition, relative to the sudden fall that had taken place in bank stocks. I stated that the fall in stocks was of an exceptional character, and did not go to prove that it was the result of a depression in the general trade of the Dominion. I think, Sir, that when I state that since the 1st of January these stocks have risen on an average over ten per cent.—the Bank of Montreal from $179\frac{1}{2}$ to 189, the Ontario Bank from 103 to $100\frac{1}{2}$, the Bank of Toronto from $165\frac{3}{4}$ to $178\frac{1}{4}$, the Merchants' Bank from 108 to $114\frac{1}{2}$, the Bank of Commerce from $118\frac{1}{2}$ to $121\frac{1}{2}$, and the Federal Bank from $122\frac{3}{4}$ to 136—it will be quite clear to the House that a fall in bank stocks cannot be claimed as a proof of general depression in the trade of the country. It has arisen, in my judgment, in part from the circumstances to which I referred. I also stated before Recess that there did not appear to be any good or substantial reasons why that fall should have taken place, taking into account the addition to the Rest in the last year; and I may now just read what the increases in that account were in several of the banks during the last year:—

Montreal.....	\$ 250,000
Toronto.....	60,000
Ontario.....	110,000
Merchants'.....	400,000
Commerce.....	250,000
Dominion.....	100,000
Hamilton.....	65,000
Standard.....	60,000
Federal.....	150,000
Imperial.....	250,000
Molson's.....	75,000
Total Increase.....	\$1,770,000

This would appear to show that between 1882 and the present time, unless some very extraordinary circumstances have happened recently, these stocks should have increased rather than decreased in value; and I have no doubt that it will be found before long that the value of the stocks will be quite equal to what they were in 1882, when they were probably nearer their true value than they were, in 1883. I mention this, Sir, in connection with bank matters, to show that though the stocks had fallen a good deal between the spring

and the autumn, still that was not to be attributed solely to a depression in the trade and commerce of the country. Now, I come to another point to which my attention and the attention of the House was called in a very emphatic manner, by the hon. leader of the Opposition—in a very sarcastic manner too, but, at the same time, in one that elicited applause from his supporters. That point was that the Government had emphatically and distinctly stated that this policy was calculated to bring nearer together than the policy that previously existed the value of imports and exports; and he quoted some statements of mine made in 1879 or in 1880, to the effect, that there was really a balance then on what I considered the right side, that the imports of the country were less by a small sum than the exports, that this was a healthy state of things, which it was desirable to continue, and that the policy adopted in 1879 was calculated to bring the two, the exports and the imports, nearer together. Now, the hon. the leader of the Opposition, no doubt, in his remarks referred to the fact, because it is a fact, that the imports of last year were larger than they were the year before, and that the difference between the imports and the exports was greater than in the year before and the year previous to that. Now, I still hold to the proposition that, ordinarily speaking, it is in the interest of the country to increase our exports and to decrease our imports by the extension of our own manufactures. This proposition I lay down that if we can increase our exports and diminish our imports by producing in the country articles formerly imported it is better than to import those articles, inasmuch as it gives employment to the people and more nearly adjusts the balance of trade. But circumstances that have taken place in the last year or two that have increased materially the imports, and there has been no corresponding exports to meet that increase. We all know the Canadian Pacific Railway Company have expended in the construction of their road and branches something like \$58,000,000 in two years, we all know that in addition to that, the hon. Minister of Railways has been constructing during the last two years a portion of the Pacific Railway; we know that the Government have been importing rails and other material for the portion of the line constructed by the Government and the Canadian Pacific Railway have been importing steel rails, locomotives, rolling stock and other material, perhaps to the extent of \$10,000,000 during the last year. These are exceptional circumstances, but still, I venture to say, hon. gentlemen opposite will give us no credit whatever for them in the account. When we take

into consideration the circumstances of the last year or two, we cannot expect anything else but an increase in the difference between the imports and the exports, because, taking into account all the money that came into the North-West for its development and improvement, taking into account all the imports for the Canadian Pacific Railway, all the imports by the contractors and by the Government with reference to the construction of this railway,—what have we in return in the shape of exports? We have nothing as yet. Therefore it is under the exceptional circumstances to which I refer that the imports have been increased as compared with the exports during the last two years and especially during the last year. But I maintain the facts on record in the Trade Returns during the last five years show, beyond doubt, that this policy has brought nearer together the imports and exports than they would have been by the policy that previously existed. I will give some facts to prove this, and I will state these facts to show that, notwithstanding the increased imports for the Canadian Pacific and the Government Railways, and the large expenditure in the North-West that induced imports, we have still brought the balance of trade more in our favour than we could have done under the policy of hon. gentlemen opposite. The value of imports per head of the population in 1883, notwithstanding the circumstances I have mentioned, was \$8. What was it in 1873, when no exceptional circumstances existed? It was \$33.58 per head. In 1874 it was \$37.22 per head; in 1875, \$30.24; in 1876, \$22; in 1877, \$23.29; and in 1878, \$21.44 per head—or an average on the population of those years of \$27.14 per head; while, during the last four years, with these exceptional circumstances existing which I have mentioned, the average has been but \$25.02 per head, or a difference of \$16,000,000 per year in favour of the latter period. During the last year if the imports per head of the population had been the same as they were in 1873, we would have had \$152,000,000 of imports instead of \$132,000,000, making a difference of \$20,000,000 during the year. This establishes beyond doubt the effect of the policy, because there is just about that amount of increased manufactures in the Dominion during the years to which I have referred. I took this afternoon as an illustration, the value of raw cottons imported. If we take the returns submitted by the cotton mills we find something like an increase of \$4,000,000 or \$5,000,000 in the manufacture of cotton alone; therefore all the labour and capital expended, everything connected with this industry was so

much saved to the country and a diminution of the imports. So with reference to all the manufactories in the country and their products. If these goods had not been made in the country they would have been imported, and we ask you, considering the prosperity of the country last year, and as a consequence large importations, whether, if we had not the Tariff by which we have been able to produce by these industries, \$16,000,000 a year more than we produced in 1879, the balance would not have been larger against us than it is? I hold that a policy which, if it does not increase the exports, will diminish the imports, must have the effects of bringing the exports and imports nearer together than would have another and opposite policy. I ask whether this has not been sustained by these facts? I have dealt with the leading objections down to the present time, that have been made against the policy adopted in 1879, and I think that the answers I have given, taken from the returns and other public documents, are sufficient, and the subject needs no further remarks from me. But there are some new objections which have been made lately. One new charge brought against the Government in the last twelve months is that they have neglected the interests of the country by legislating in such a way as to change the legislation in the United States with reference to the duty on malt, and thus injuring the people of Canada. Why it is well known that for the last seven years, there has been a conflict in the United States between the maltsters and the brewers. The maltsters have been endeavouring to obtain an increased duty and to shut out the malt from Canada. They failed in their endeavours until the last Session of Congress when they gained a victory over the brewers and obtained an increased duty on malt. By that operation, they have shut out a very considerable export of malt from Canada to the United States during the last year. It is quite true that a concession on the other hand was made which really is a benefit to our farmers, though limited, by taking 5 cents per bushel off the duty on barley. We are told the Government of Canada is responsible for this. Let me read an extract from a speech made by Sir Richard Cartwright at Lennox some three or four months ago :

"Some gentlemen present know to their cost that although it was not possible for a Reform Government to add one cent to the value of their barley——"

That is declared by a gentleman who was in the late Government.

"That a Finance Minister who did not understand his business, and would persist in acting on his own advice, contrary to that of able men around him——"

When I read this speech I said, the late Minister of Finance has not such a very depreciatory view of the gentlemen on this side of the House, as I supposed he had. He says—I understood it so when I read it first—that the gentlemen around me were men of ability, and I would not accept their suggestions. But let us see.

“ Could destroy the market for their barley by destroying the malt producing interest of Canada.”

I began to think, who was it sitting around me of the able men, my colleagues and those supporting us, who took exception to the legislation which we introduced. I could not recollect any one of my colleagues or any member on this side of the House. The gentleman who did take exception was the ex-Finance Minister, the present member for South Huron, and therefore the remark must have applied to him, as “ the able men around me.”

“ As Sir Leonard Tilley had done most wantonly. (Hear, hear, and cheers.) The course followed had been suggested to him (Sir Richard), but, on enquiry he found that, if he started in that direction, he might give American maltsters the opportunity which they had long been seeking of making our action the ground of excluding Canadian malt. He therefore abstained. Sir Leonard Tilley took a different course. He put on a duty, and, in so doing, struck a blow not only at an important Canadian industry, but at the interest of our barley-growing counties, because it was of great importance to farmers that, if there should be for a time a surplus of barley, it should be malted in our own country, and held over until such time as a rise in the price occurred. Now they were entirely in the hands of Oswego merchants and American maltsters.”

This is the report of the speech made in which a charge is brought against the Government in reference to this matter. Well, Sir, I am here represented as a most obstinate Minister of Finance. The gentleman opposite represents himself in this case as the pliant Minister of Finance. I have heard the hon. gentleman and his friends opposite speak of the Government, and of myself as Finance Minister as being too pliant, and say that all the people had to do was to come and ask that certain concessions should be made to certain interests, and those concessions were made at once. That is a different character, from what is given here. Here I was obstinate and would not take the advice of able men around me. And, Mr. Speaker, the general impression of those with whom I have had any conversation on the subject since 1878 was that that hon. gentleman opposite was the obstinate man who would not take any advice, who would not be influenced by any suggestions that were made. Now, let us see; is it a fact that the action of this Government had anything to do with this increase of duty on malt in the United States? No, Sir; none whatever; and,

when I read to this House the effect of the Tariff introduced by the hon. member opposite, and of the Tariff introduced by this Government, with reference to malt, and show the rate of duty that was collected upon malt when the change took place, you will see what grounds the hon. member had for making the statement he did at Lennox. Under Mr. Cartwright's Tariff of 1878—this is for part of the year—42,232 lbs. were imported, the value was \$1,38, duty \$1,055.77, or 78 per cent. In 1879, that is, under the Tariff submitted by this Government, the imports were 129,634 lbs. value \$3,316, duty collected \$2,592.68 or 77½ per cent., a fraction under that collected in 1878. In 1881 the duty was changed, as the hon. member knows, and malt was put in the same position exactly as barley, the duty being 15 cents per bushel Customs, and 1 cent per pound Excise. That has been the law from 1881 to the present time. That was the law that was in force when the change took place in Congress. In 1881, we that year imported 10,553 bushels, value \$10,270, duty collected \$5,171, or a fraction over 50 per cent., against 180 per cent. that the hon. member imposed. In 1882-83, we imported 15,979 bushels, value \$15,099, duty paid \$7,509.93, or a little less than 50 per cent. and yet the hon. member told them at Lennox on the eve of an election—I will not say that it was at all to affect it, but only to show what an outrageous Government this was and that they should not send any one here to support it—that we had deprived producers of that section of the country of selling their barley to the maltsters, and that their interests were sacrificed, when the duty, from 1881 to 1883, was 30 per cent. less than the hon. member himself imposed in 1878. Yet, he said we were responsible for that change, and, as that is one of the charges which I thought might possibly be brought to-night, though I do not know that it will, I thought it just as well to spike that gun at once. There is another charge, and a very general one, made all over the country, to the effect that we have imposed a duty of 35 per cent. upon imports to Canada. That is the general statement. There are a few articles that pay 35 per cent., but we know that last year the average duty on the whole imports was something like 19 per cent. I had the pleasure of addressing a meeting at Strathroy, which was referred to by the hon. member opposite the other night, and the member for Brant was present on that occasion, and he took that exception to the Tariff policy of the Government. He said to the audience, imagine your sending to Germany and importing a certain article, and, when it reached the borders of Canada, you are charged 35 per cent. duty on it, what an outrage that is.

Well, I must say that, after reading the speech of the hon. member for Brant in 1876 two or three times, I should claim him, though he calls himself a Free-Trader, as one of the soundest Protectionists in the Parliament of Canada, taking his speech as a criterion, and nothing could be stronger than the way in which, in the extract I read from his speech to-day, he justified the then Finance Minister in imposing an increased duty on cigars, which he stated had an excellent result. But I say to him, and to all such, but especially to him, that, if he takes exception to 35 per cent. duty on a limited number of articles, he must not forget that the Finance Minister, to whom he appealed in 1876 for further concessions, did in 1878 change the Customs duties on cigars and cigarettes. The returns for 1878 shewing the duty collected on 21,050 German cigars, valued at \$10,680, as \$12,687.10, or nearly 120 per cent. The Excise duty on this quantity of cigars would have been \$8,423.60 at that time. The protection given to the manufacturer was \$4,263.50, or 40 per cent. The hon. member was grateful for a little less protection than that, and in a year or two afterwards he obtained 40 per cent. protection, and it he says produced wonderful results; it brought a thousand people, even before the change was made in 1878, into the country, and the article manufactured cost the consumer no more than it did before. Still, the hon. member will, I presume, here as elsewhere, denounce the present Government for putting 35 per cent. duty on any articles of imports. The general objections that have been taken with reference to this Tariff have been largely met by the results. The results have been, in most cases, to decrease the cost of the article to the consumer, and in many cases the increased duty that has been imposed upon it has enabled the producer, having the market to himself, to give to the consumer the article cheaper than he could have done under other circumstances, and cheaper than he ever had it before. And so, while exception may be taken to the policy which has for its object protection to the industries of the country, still our friends will be found sometimes even denouncing a policy that is doing just exactly what some of the hon. gentlemen opposite sustained, supported, defended, and spoke of approvingly. Now, Sir, we come to the question of the general depreciation of the country. Let us see what evidences we have of that. I admit, Sir, and I regret that it is so, that the wheat crop of Canada as a whole was less last year than it has been for some years previous, and this circumstance has no doubt affected, to some extent, the business of the country during the autumn and the pre-

sent winter; because, had the eighteen or twenty million bushels of wheat which we are supposed to have lost by a short crop, been raised, sold, and the proceeds reached the hands of the farmers of the country, no doubt there would have been greater ease generally than there is at the present moment. But there is this to be considered, that while there was a deficiency in the wheat crop, there was at the same time a large surplus in the hay crop, nearly amounting in value to the loss in the wheat crop. So that while the farmers have lost on the wheat crop, their abundant hay crop will enable them to raise a greater number of cattle for export next year; and therefore I am satisfied the general result will be largely maintained by the increased export of cattle which they will be able to make by having in Ontario alone two and a-half million tons of hay more than usual—to say nothing of the increased crop in the other Provinces. But while I admit that a short wheat crop has caused a somewhat depressing effect, I must also admit that the price obtained for lumber at the present time is not as great as it was last year and the year before. There is also an over stock already on hand, and people are not manufacturing in certain branches as much this winter as they did last, and that also has had some effect upon the general trade and business of the country. There are other circumstances to which I referred this afternoon—over-importation and over-trading, which have left the importer and retailer with stocks on hand that cannot be immediately converted into money. These circumstances also have a depressing effect. But what evidence have we beyond this of the general depression and stagnation of trade in the country? Sir, we have undoubted testimony as to the generally prompt payment of liabilities falling due in the banks. We see by the press that the bank managers who have been interviewed in Montreal and elsewhere with reference to payments, state that they are satisfactory; this could not be if there was the great depression of trade which hon gentlemen opposite have been asserting exists, and which they have been pointing to as, in some cases, produced by the National Policy. These things have been referred to before, and they show there is no general depression, or suffering, or want, and no unusual number of people out of employment—not at all. What are the best evidences we can have that the mass of the people are being employed, and that they have spare funds at their disposal? It is as I have stated over and over again in this House, the increased accumulation of deposits in the savings banks by people who have earned money over and above what they require for their

expenditure or can use in their legitimate business, and have deposited the surplus. I may here explain to the House—and I do so for the purpose of answering a statement made by the hon. member who followed me last Session with reference to the savings banks deposits—that the savings banks in the Maritime Provinces, are conducted upon a principle that was in force there before the Union. The Post Office Department does not receive money in those Provinces as it does in Ontario and Quebec. Down to 1879, these savings banks' agents were authorized to accept as much as \$10,000 from any one depositor, and the result, of course, was a natural temptation and inducement to business men to make deposits, inasmuch as they had interest paid from the day of the deposit up to the day of the withdrawal of the deposit. But notwithstanding these advantages enjoyed to 1879, what was the fact? The fact was that the increased deposits in these savings banks, and in the Post Office Savings Banks throughout the Dominion increased but \$2,800,000 during the five years from 1873 to 1878. But what took place after that? The Government ordered that these deposits should be limited to \$3,000 a depositor in 1879, and that the interest should only be paid from the commencement of the month, that is, if a deposit was made on the 2nd of the month interest would only be payable from the 1st of the month following; and if it was drawn on the last day of the month no interest should be paid for that month, thus greatly lessening the inducements to deposit in the savings banks of the Maritime Provinces. Well, what was the result? The result was that in 1879, these deposits increased over withdrawals \$710,669; in 1880, \$1,845,222; in 1881, \$4,703,715; in 1882, to \$5,931,989; in 1883, to \$4,450,445, a total increase in five years of \$17,722,094, as against \$2,800,000 in the five years previous, with greater inducements to deposit. It must be borne in mind that in Ontario and Quebec no one, except at Toronto, has a right to deposit over \$1,000 in one name, and notwithstanding that fact, the increase during that period was the sum I have named. During the present year the amount deposited is \$1,755,079 greater than the withdrawals, showing that even this year there is still on the part of the masses of the workingmen and others, an ability to add to their earnings and to their deposits in Government Savings Banks. I think there can be no better evidence given that there is general prosperity in the country. Let us go a little further. The total deposits in the chartered banks on 31st July, 1879, were \$63,848,145. On 31st July, 1883, four years later they

were \$99,241,325, being an increase in that period of \$35,393,180, and an increase during the five years of \$53,000,000 taking into account both the Post Office Savings Bank and the chartered banks of the country. This is evidence that the people are earning money and have a surplus or they would not be in a position to add so largely to the deposits in our banking institutions. The hon. member for Brant (Mr. Paterson) stated last year that this was no proof of increased earnings among the masses, because there appeared to be a much larger increase in the Maritime Provinces than elsewhere, and it could not be pretended that more money had been earned in those Provinces than in Ontario and Quebec. In the Lower Provinces the people have not been in the habit of making deposits in the banks and the banks have not encouraged the payment of interest on deposits, and the result has been that the spare money of the people of the Maritime Provinces has for many years gone into the savings bank, while the chartered banks of Ontario and Quebec have paid perhaps a higher rate of interest than the Post Office Savings Bank, and the people have deposited largely with those institutions. That accounts for the apparently large increase in the Maritime Provinces as compared with Ontario and Quebec. It may be said that within the last three or four months the wages of employes of manufacturers in the Dominion have in some cases been reduced; that we have not so many men employed just now as we had three or four months ago. I am free to admit that Canadian manufacturers have to-day an unusual strain put on them. And from what cause is this strain? Every hon. member knows that manufacturers in Great Britain, where the policy of Free Trade prevails, and manufacturers in the United States where Protection prevails, have surplus stock on hand, that they are reducing the number of their employes, that they are diminishing their wages, that they are compelled to sell their surplus stocks, and the stocks they are even now producing from day to day at a lower rate than usual. Those reductions have in many cases taken place, though resisted by the operatives in both England and the United States. What is the result? Our American neighbours and British manufacturers, owing to their profits being reduced and the wages paid to their operatives being now lower than before, come to our market and are sharply competing to-day with the Canadian manufacturers. As the prices paid for labour in the United States must regulate to some extent the price of labour in Canada, because if the wages are not about equal the operatives will soon pass across the line. Our manufacturers found it necessary to increase the wages here when an advance took place

in the United States in order to keep their men ; but now that there is a reduction in the United States owing to reduced prices, our manufacturers, in order to successfully compete, have also to reduce the prices of their products and in some cases the wages of their operatives. But what would have been the condition of those working people and of those manufacturing industries established throughout the country if it had not been for the National Policy ? Why, if it were not for the protective tariff that shields to a great extent our industries and manufactures we would be over-run, and one-half or three-fourths of our factories would be closed within three months. These circumstances give the opponents of this policy a ground for attack on the Government and the policy. Let me say this, that we cannot object to such an attack if made against individual members of the Government or against the Administration as a whole ; but what we do object to is, that the attack is made in such a way as to affect the best interests of Canada, to depreciate our credit at home and abroad, to discourage men from coming to the country and investing their capital here, and to discourage the people of the country by the cries of depression, by cries of distress, by cries of ruin. The leader of the Opposition, when speaking in the House about six weeks ago, said we had the cry of soup-kitchens again. That statement might be very well to make a point ; but was there anything in it of practical significance ? The proposal to which he referred, in London, was made by the editor of a newspaper supporting the Administration, because there were a number of families, as there are every winter in every city of the Dominion, widows and those who are worse than widows, suffering children and many aged and infirm persons, requiring assistance. Is it right to draw the inferences the leader of the Opposition did, because benevolent individuals endeavour to provide food for the poor, it may be for some immigrants who, not finding employment in the country in the winter, have reached the cities and require assistance. But does this compare with the condition of affairs in 1878-79 when we, members of Parliament and the citizens of Ottawa, were asked to subscribe to buy bread for hundreds of men, who although they were willing to work, were starving ? Is that the case now in any city of the Dominion ? In regard to the city of London, I have here a statement made by the Mayor of east London about two months ago, or about two or three weeks before the speech to which I have referred was delivered by the leader of the Opposition. That gentleman says that the condition of east London has

wonderfully changed within the last two years; and he is not a Liberal Conservative. And why has that change taken place? He said that two years ago 200 houses were to let, and now they are occupied, and he should know, because he is an agent for the selling and letting of houses. He speaks of the men employed in the railway car shop and steel works and dwells in most hopeful terms as to the condition of the city; and all this comes from east London just in advance of the statement made by the leader of the Opposition. We have benevolent men and women in Toronto, Ottawa, London and other cities, providing for the necessities of the needy; but I ask hon. members whether anything has recently taken place which will compare with the condition of affairs in 1877-78.

Several hon. MEMBERS. Yes; much worse.

Sir LEONARD TILLEY. Much worse! Then, Mr. Speaker, it is needless for me to make any further statement. When the hon. gentleman rises in his place and endeavours to defeat the policy of the Government by stating that the country is in a worse position to-day than it was in 1877 and 1878, with reference to employment for the people of the country, I want no further statement to satisfy independent men on both sides of the House that these gentlemen are seeking really some other object than the good of the country. I am amazed at the statement of the hon. gentleman that the country is in a worse state than it was five years ago; but if that is to be the line to be taken by hon. gentlemen opposite, I wish to refer to the fact that Sir Richard Cartwright, who was not then a member of the House, at the meeting to which I have referred, said to the people, look at the state of the country at the present time: "Why," said he, "the bankruptcies this year will be in excess of the worst year of the Mackenzie Administration." But how disappointed must the hon. gentleman have been when he found that they only amounted to about one-half of what they were during the three years 1877-78-79. I have the returns here, and they show that in each of those years they were nearly double those of last year, notwithstanding the fact that the figures for last year include nearly 260 failures in Manitoba and the North-West—failures of an exceptional character, owing to causes which every person knows. We know that the spirit of speculation which existed in Winnipeg, a city of 25,000 inhabitants, was such that they were asking for lots in that city as much as, and more than could be obtained for lots in the centre of the city of Toronto—as much in some cases, as was asked for lots in Chicago. The hon. gentleman must have known that that was a state of

things which must soon come to an end ; that there was nothing to warrant such large prices ; that they were the result of the spirit of speculation ; and that outside of the speculation in land there were very large importations by men in business, importations in excess of the demand ; that these men over-estimated the extent of the population which would be brought into the country, and that it was found, at the close or middle of last year, that they were not in a position to pay for the supplies they imported. For these reasons, disaster overtook these people ; it was exceptional in its character, and I am satisfied that they are rapidly rising and will rapidly rise from that condition of things. But no community, no city, under similar circumstances, could expect any other result. There were 260 failures in the west out of 1,300 in the Dominion. The whole number in the Dominion, involving the sum \$15,000,000, including Manitoba, in which there was little or no business done in the other years to which I refer. But notwithstanding this fact, the amount of bankruptcy was only a little over one-half what it was in those three years. Now, Sir, the hon. gentleman—unlike his position in the case of the malt duty, for he could not have known the facts exactly, because the year was not closed—still he claimed that there was blue ruin everywhere, his mind was so seized with gloom that he had to take that view of the situation. Hon. gentlemen seem to see no daylight whatever—nothing but gloom and darkness before them. I do hope that when the hon. member who replied to me last year, and who gave me reason to hope from his former speeches what his real sentiments were, that if the day should ever come that he would be Minister of Finance, he would stand by the policy he advocated in 1876. Now, that the hon. member for South Huron (Sir Richard Cartwright) is here, he will take a different view. True to his extreme opinions and proclivities, true to his extreme views on Free Trade, I suppose he will repeat the arguments and the statements made by him on former occasions, in favour of Free Trade and against the National Policy. I hold this, that while at the present time there is some depression from the circumstances to which I referred, there is no reason whatever for apprehension. And let me say this, that had these depressing circumstances taken place under other conditions, as I have already intimated, the depression would have been four-fold greater than it is to-day. As I said last Session, when hon. gentlemen were stating: You are fortunate, you are lucky, everything is prosperous with you, your National Policy is therefore accepted by a large portion of the people—my answer was, and my answer is now,

that the National Policy is more valuable in the days of depression than it is in the days of prosperity. I say that this National Policy, which provides employment for the people who would otherwise be idle, will continue to establish its reputation and establish itself in the hearts and affections of the people of the Dominion of Canada. And though I shall regret indeed if the line which has been indicated is taken by these hon. gentlemen, who stated this evening that the country is in a worse position than it was in 1878—though, I say, I shall regret that this line should be taken, because it is calculated to damage the country, still at the same time, in spite of those declarations, in spite of the declarations which may be made to-night, or in the course of the debate, in spite of the articles which have appeared in the Canadian, American and English papers, calculated to damage the credit of the country, there are resources in the country, there are vigour and power and energy in the people of the country, and there is in this policy to which I refer that which gives hope and energy to the people, which will place us to a considerable extent above and beyond the influence of such speeches and such arguments as may be made against the National Policy, in this Parliament or elsewhere.

